

## STAFF REPORT

To: PED of City Council Date: April 15, 2014

From: Sam Powers, Economic Development Director

Via: Gary Jackson, City Manager

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Subject: Development Incentives Policy Review Project Update

Summary: Progress report for the Development Incentives Policy Review Project.

Review: In 2013 Council directed staff to review the City's current incentive policies, analyze their alignment and utility regarding Council's strategic goals, and recommend changes to current policies if appropriate.

This direction aligns with the City's 2025 Comprehensive Plan, as it addresses Goal II under the Economic Goals and Strategies section:

*"Ensure that...City development regulations and incentives are regularly reviewed and modified to meet the technological and social changes of the local economic development situation."*

Preliminary findings from staff review and from work contracted with the School of Government's Development Finance Institute (DFI) indicate that:

- Current Industrial and Business Development incentives are effective and may need to be maintained as is in order for the City to be competitive
- The remaining incentives are marginally effective at encouraging achievement in Council's strategic goal areas; the Land Use Incentive Grant as the least utilized policy and is difficult to evaluate.
- Trends in the local development market suggest that Council consider a more district-driven and targeted approach to non-traditional incentives, including the use of Municipal Service Districts as a tool to accelerate City capital investment; and the redevelopment of City owned property to achieve Council goals (DFI to present at PED meeting).

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### Potential Policy Implications:

Preliminary findings suggest:

- Short term
  - 1) Consider adoption of district designations for the geographic areas in which the private sector is targeting the most investment, if Council wishes to increase public-private partnership opportunities for community and economic development (next nine months)
  - 2) Consider directing staff to create targets for Council's strategic goals regarding community and economic development, if Council wishes to measure goal achievement (next twelve months).

- 3) Consider adoption of a revised Land Use Incentive grant that better aligns with Council's strategic goal targets, if Council wishes to encourage certain types of development (next sixteen months)

- Long term:

- 1) Consider using results of the now-under-discussion Comprehensive Plan Update to drive the next regular review of development incentives policy (eighteen to twenty four months)

The fiscal impact of these policy considerations will be developed by staff as part of the final report on this initiative.

Recommendation: City staff requests that Council provide feedback on potential policy implications and provide further direction regarding the final project report.